

**NATIONAL DAIRY MARKET AT A GLANCE**

**CHICAGO MERCANTILE EXCHANGE (CME) CASH MARKETS (9/30)**  
**BUTTER:** Grade AA closed at \$1.6475. The weekly average for Grade AA is \$1.6625 (-.0633).

**CHEESE:** Barrels closed at \$1.4375 and blocks at \$1.5950. The weekly average for barrels is \$1.4560 (-.0545) and blocks, \$1.5950 (N.C.).

**BUTTER:** The CME cash butter market continues to fluctuate higher and lower around the \$1.70 level. The current trend is lower. Cream offerings are slightly more available as Class II usage ebbs. Churning activity is seasonally active, with many butter producers purchasing additional cream offerings on their terms. Stocks of butter are adequate to meet most current needs. Food service orders are mostly steady and retail sales, unless featured, are seldom better than fair. Butter producers and handlers are starting to see yearend holiday needs being discussed and early orders being placed.

**CHEESE:** The cheese market is weak for barrels and unsettled to steady on blocks. The wide barrel/block spread has buyers concerned with the increase in price pressure on natural varieties. For comparison, the CME prices on September 30, 2004 were \$1.5850 per pound for blocks and \$1.4975 for barrels. Some buyers are reducing inventories if they believe natural prices are at the expected upper side of the current price cycle. Demand for both natural and process is irregular, ranging from slow to just occasionally fairly good. Current cheese production remains about steady. Cheese yields continue to rebound from summer lows. Contacts expect the opening of a large new cheddar/American type plant next month to change the market dynamics at other facilities.

**FLUID MILK:** Milk production patterns across the country continue to vary from slightly higher to slightly lower. In the Northeast, output is mostly steady and in the Southeast, the milk flow is actually rebounding in some areas. In Florida, milk output is easing lower, which surprises some contacts. Milk production in the Midwest is seasonally steady with components slowly rebounding. In the Southwest, milk output is down slightly from last week as temperatures topped 100 degrees in Arizona. California's milk volumes are steady to generally higher. In the Pacific Northwest, milk output is steady to slightly lower. Rita did have some impact on milk output, but not to the degree that Katrina did. Additional flooding and power losses were noted and farm pick ups and plant operations were disrupted. One manufacturing plant in Louisiana was without electricity for 36+ hours. Ahead of and behind Rita hitting Texas, milk was diverted to distant processing plants, including Arizona and New Mexico. Bottling schedules were slightly lower this week, typical for the end of a month, but will be gearing up by week's end in preparation for the first of the month. Fluid cream markets are not as firm as they have been. Supplies are often more than adequate to cover class II needs with surplus clearing to the churn.

**DRY PRODUCTS:** Nonfat dry milk markets are steady to firm across the country. Production is steady to lower as some locations divert milk away from NDM plants. Prices are expected to increase due to limited supply availability, higher fuel costs and reduced availability of trucks. Additional buying interest was noted this week with the strategy to be ahead of increases in energy surcharges for October. Good export interest is expected to clear substantial quantities of NDM and SMP in the fourth quarter and into 2006. Buttermilk powder prices are unchanged and nominal in many parts of the country. The market tone is generally steady, but some producers report receiving more inquiries for dry buttermilk. Liquid sales are slowing along seasonal patterns. Whey powder markets are generally steady price wise.

Production levels are steady to slightly heavier as some cheese makers step up cheese output. Fuel surcharges are expected to be assessed on loads of whey shipped during the fourth quarter from many producers.

**CCC:** During the week of September 26 - 30, there was no dairy price support activity. The Kansas City Commodity office announced the sales of 1,446,111 pounds of NDM for unrestricted use at prices ranging \$0.6901 - \$0.9200 per pound. The 2005 fiscal year for USDA has ended. During the year, October 1, 2004 - September 30, 2005, no butter or cheese was offered to CCC under the Dairy Support Program, but 31,817,269 pounds of nonfat dry milk were offered. These twelve months of offerings compare to -42,309 pounds of butter, no cheese, and 361,859,548 pounds of powder for the 2004 fiscal year.

**CLASS AND COMPONENT PRICES (DAIRY PROGRAMS):** The following are the September milk prices under the Federal Milk Order pricing system and the changes from the previous month: Class II \$14.35 (+\$0.40), Class III \$14.30 (+\$0.70), and Class IV \$13.75 (+\$0.31). Product price averages used in computing Class prices are: butter \$1.6877, NDM \$0.9705, cheese \$1.4958, and dry whey \$0.2960. The Class II butterfat price is \$1.8942 and the Class III/IV butterfat price is \$1.8872. Further information may be found at: [www.ams.usda.gov/dyfmom/mib/classprcacnmt.pdf](http://www.ams.usda.gov/dyfmom/mib/classprcacnmt.pdf)

**OCTOBER ANNOUNCED COOPERATIVE CLASS I PRICES (DAIRY PROGRAMS):** For October 2005, the all-city average announced cooperative Class I price was \$18.43 per cwt., \$1.64 higher than the Federal milk order Class I price average for these cities. The October cooperative Class I price was \$.54 higher than the September price, while the Federal order price was \$.57 higher. On an individual city basis, the difference between the Federal order and announced cooperative Class I price ranged from \$.15 in Phoenix, AZ, to \$3.00 in Miami, FL. For October 2004, the all-city average announced cooperative Class I price was \$18.73, \$1.42 higher than the Federal order Class I price average for these cities.

**COMMERCIAL DISAPPEARANCE (ERS, AMS):** Commercial disappearance of dairy products during the first seven months of 2005 totals 102.2 billion pounds, 2.6% above the same period in 2004. Comparing disappearance levels with year earlier levels: butter is +1.0%; American cheese, +2.1%; other cheese, +4.1%; NDM, +3.6% and fluid milk products, -0.3%. Commercial disappearance figures for the three month period of May - July are significantly higher than the previous year comparable period: butter +10.6%, American cheese +6.9%, other cheese +6.0%, NDM +8.9%, and fluid milk products +0.3%.

**CONSUMER PRICE INDEX (BLS):** The CPI for all food is 190.9, up 2.2% from August 2004. The dairy products index is 182.9, down 1.1% from a year ago. The following are the August to August changes for selected products: fresh whole milk is -4.0%; cheese, -1.9%; and butter, -8.7%.

**CWT HERD RETIREMENT (NMPF):** Cooperatives Working Together (CWT) announced September 28 that it has tentatively accepted 448 bids from 651 bidders to retire their milking herds. There will be approximately 66,000 cows removed, thereby eliminating 1.2 billion pounds of milk, or 0.7% of the nation's annual supply. This is the third annual herd retirement effort since 2003. Under CWT's guidelines, safeguard thresholds have been established for five separate regions of the country, limiting the total milk withdrawals possible in each. The limits are strictest in the Northeast, Southeast, and Midwest, and looser in the Southwest and West. The two Western regions will contribute 70% of the milk removed this year.

\*\*\*\*SPECIALS THIS ISSUE\*\*\*\*

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**CHICAGO MERCANTILE EXCHANGE  
 CASH TRADING**

PRODUCT	MONDAY SEPTEMBER 26	TUESDAY SEPTEMBER 27	WEDNESDAY SEPTEMBER 28	THURSDAY SEPTEMBER 29	FRIDAY SEPTEMBER 30	WEEKLY CHANGE*	WEEKLY AVERAGE#
CHEESE BARRELS	\$1.4825 (-.0050)	\$1.4700 (-.0125)	\$1.4500 (-.0200)	\$1.4400 (-.0100)	\$1.4375 (-.0025)	(-.0500)	\$1.4560 (-.0545)
40# BLOCKS	\$1.5950 (N.C.)	\$1.5950 (N.C.)	\$1.5950 (N.C.)	\$1.5950 (N.C.)	\$1.5950 (N.C.)	(N.C.)	\$1.5950 (N.C.)
BUTTER GRADE AA	\$1.6700 (-.0325)	-----	\$1.6700 (N.C.)	-----	\$1.6475 (-.0225)	(-.0550)	\$1.6625 (-.0633)

CHEESE: carload = 40,000-44,000 lbs., BUTTER: carlot = 40,000-43,000 lbs. \*Sum of daily changes. # Weekly averages are simple averages of the daily closing prices for the calendar week. Computed by Dairy Market News for informational purposes. This data is available on the Internet at [WWW.AMS.USDA.GOV/DAIRYMARKETNEWS.HTM](http://WWW.AMS.USDA.GOV/DAIRYMARKETNEWS.HTM) NOTE: CME NDM on Page 2.

**CHICAGO MERCANTILE EXCHANGE**

MONDAY, SEPTEMBER 26, 2005

CHEESE—SALES: 8 CARS BARRELS: 1 @ \$1.4900, 3 @ \$1.4875, 1 @ \$1.4800, 1 @ \$1.4775, 2 @ \$1.4825; 8 CARS 40# BLOCKS @ \$1.5950; BIDS UNFILLED: NONE; OFFERS UNCOVERED: 1 CAR BARRELS @ \$1.4825

BUTTER—SALES: 13 CARS GRADE AA: 9 @ \$1.6700, 1 @ \$1.6675, 1 @ \$1.6650, 2 @ \$1.6700; BIDS UNFILLED: 3 CARS GRADE AA: 1 @ \$1.6675, 2 @ \$1.6500; OFFERS UNCOVERED: 4 CARS GRADE AA: 1 @ \$1.6900, 1 @ \$1.6975, 1 @ \$1.7000, 1 @ \$1.7025

TUESDAY, SEPTEMBER 27, 2005

CHEESE—SALES: 4 CARS 40# BLOCKS @ \$1.5950; BIDS UNFILLED: 2 CARS BARRELS @ \$1.4500; OFFERS UNCOVERED: 3 CARS BARRELS: 1 @ \$1.4700, 1 @ \$1.4800, 1 @ \$1.4825

WEDNESDAY, SEPTEMBER 28, 2005

CHEESE—SALES: NONE; BIDS UNFILLED: 2 CARS BARRELS @ \$1.4400; OFFERS UNCOVERED: 3 CARS BARRELS: 1 @ \$1.4500, 1 @ \$1.4700, 1 @ \$1.4800  
BUTTER—SALES: 4 CARS GRADE AA @ \$1.6700; BIDS UNFILLED: 2 CARS GRADE AA @ \$1.6700; OFFERS UNCOVERED: 1 CAR GRADE AA @ \$1.6800

THURSDAY, SEPTEMBER 29, 2005

CHEESE—SALES: 1 CAR BARRELS @ \$1.4400; 3 CARS 40# BLOCKS @ \$1.5950; BIDS UNFILLED: 3 CARS BARRELS @ \$1.4200; OFFERS UNCOVERED: NONE

FRIDAY, SEPTEMBER 30, 2005

CHEESE—SALES: 2 CARS BARRELS @ \$1.4375; BIDS UNFILLED: 3 CARS BARRELS @ \$1.4100; OFFERS UNCOVERED: 5 CARS BARRELS @ \$1.4375

BUTTER—SALES: 4 CARS GRADE AA: 1 @ \$1.6625, 1 @ \$1.6600, 1 @ \$1.6350, 1 @ \$1.6475; BIDS UNFILLED: 6 CARS GRADE AA: 1 @ \$1.6400, 1 @ \$1.6375, 2 @ \$1.6350, 2 @ \$1.6300; OFFERS UNCOVERED: 7 CARS GRADE AA: 1 @ \$1.6525, 1 @ \$1.6550, 1 @ \$1.6625, 1 @ \$1.6700, 2 @ \$1.6750, 1 @ \$1.6800

**CME CASH NONFAT DRY MILK:** Extra Grade closed the week at \$0.9625 and Grade A at \$0.9825. (The last price change occurred March 30.) The weekly average for Extra Grade is \$0.9625 (N.C.) and Grade A is \$0.9825 (N.C.).

**BUTTER MARKETS****NORTHEAST**

The butter market is mostly steady, but some unsettledness lingers. The cash butter price at the CME (through 9/26) has dropped below the \$1.70 level after spending two weeks above that figure. With so many (183 through 9/26) notices of intent to deliver butter on September futures contracts, some contacts wonder how that will play out in the cash market. Is there enough butter to cover those notices or will those parties have to come to the cash market to buy? And, will those receiving the deliveries use them or offer them on the CME? Churning activity is moderate. Cream volumes are mixed, but increasing in more instances as Class II usage ebbs. Butter stocks are adequate to meet most current needs. Food service orders are mostly steady and retail sales, unless featured, are seldom better than fair. Sales of bulk butter f.o.b. East, are reported in a range from flat market to 3.0 cents over the CME price/average.

**CENTRAL**

The cash market at the CME continues to fluctuate higher and lower around the \$1.70 level with the most recent trend being a weaker market. At midweek, the cash price remained at \$1.6700, the lowest level since mid August and the first unchanged trading session since late August. Stocks of butter are basically in line with last year at this time. CME butter stocks remain higher than they were last year at this time. Churning activity is seasonally active as cream supplies were slightly more available this week than in recent weeks. Butter producers were taking advantage of the additional cream offerings

which helped bolster butter inventories. Butter demand is fairly active for early fall. Some retail feature activity is occurring which should stimulate demand. A grocery chain in the Upper Midwest is featuring 1# prints at \$1.79 per pound. Food service orders seasonally steady and typical for this time of the season. Bulk butter for spot sale is being reported in the flat – 2 cents per pound over various pricing basis.

**WEST**

Cash butter prices at the CME market have declined for four of the last five trading sessions, dropping below \$1.70 again. Prices as of September 28 stand at \$1.67. Some Western contacts are a bit surprised at price weakness at this time of year. Time gets very tight in the fall to get print butter where it needs to be. They do comment that sales are currently sluggish, but the question is which happened first. Did sales slow or did prices decline first? Getting cream sold to anyone but the churns is a problem at this juncture. Churns are only taking additional volumes on their terms. Butter inventories, as monitored by the weekly CME figure, are declining much more slowly than has been the case recently. Last week, stocks declined by 1.1 million pounds to stand at 70.7 million pounds. Stock levels are now well ahead of last year when they totaled 64.5 million pounds. In the last ten weeks, stocks have declined by 25.4 million pounds this year compared to 46.2 million pounds last year. Bulk butter prices range from 2 cents under to 4 cents under based on the CME with various time frames and averages.

**NASS DAIRY PRODUCT PRICES****U.S. AVERAGES AND TOTAL POUNDS**

WEEK ENDING SEPTEMBER 24	CHEESE		NDM	BUTTER	DRY WHEY
	40# BLOCKS	BARRELS 38% MOISTURE			
	1.5242	1.5039	0.9670	1.7005	0.2994
	9,051,427	10,797,327	17,037,328	2,929,344	11,642,656

Further data and revisions may be found on the internet at: <http://jan.mannlib.cornell.edu/reports/nassr/price/dairy>

## CHEESE MARKETS

## NORTHEAST

Prices are higher for both blocks and barrels. However, the block increases are the weekly averages "catching up" to the changes recorded at the CME the week of September 12-16. Through the 26<sup>th</sup>, the block price at the CME has held at \$1.5950 since September 16, while the barrel price has fallen more than seven cents since that date. The block market tone is firming along seasonal patterns. Interest in natural styles is starting to improve, particularly aged cheddar as Thanksgiving and year-end holiday orders are being placed. Cheese output in the Northeast is moderate, but some plants are adding shifts as milk becomes available. Cheese stocks are tighter on cheddar, adequate to fully adequate on process. Retail sale are mostly unchanged, but improving now that the football season is underway and weekend parties are the norm. Food service orders are steady.

WHOLESALE SELLING PRICES: DELIVERED,  
DOLLARS PER POUND (1000 - 5000 POUNDS MIXED LOTS)

Cheddar 10# Prints	:	1.6775-2.1975
Cheddar Single Daisies	:	1.6350-2.1100
Cheddar 40# Block	:	1.7350-2.0075
Process 5# Loaf	:	1.7200-1.9575
Process 5# Sliced	:	1.7400-1.9650
Muenster	:	1.7500-1.9500
Grade A Swiss Cuts 10 - 14#	:	2.4500-2.6500

## MIDWEST

The wide barrel/block spread at the Chicago Mercantile Exchange (CME), over 10 cents since 9/21, has buyers projecting possible weakness in block prices. Recent increases in the weekly block price averages have also worked through the system and buyers are now trying to utilize inventory at the perceived high side of current price cycle. A few spot loads are occasionally available of various varieties but most order lead times remain about steady. Process interest is unevenly slow to fairly good. Current barrels are tight to adequate. The yet unresolved issue of steel versus fiber barrel continues as steel is the expected package offered on the CME while buyers avoid purchasing steel. Many larger buyers and sellers are working on premiums, varieties, and volume commitments for next year; the issue of substantial increases in plant operating costs (energy and packaging) beyond just trucking costs is occurring. Aged cheddar interest is fair at best with adequate offerings available but not necessarily from preferred producers. Experience has shown experienced buyers that not all cheddar produced can be aged successfully. Cheese yields continue to rebound from summer lows and milk receipts unevenly about steady.

WISCONSIN WHOLESALE SELLING PRICES: DELIVERED,  
DOLLARS PER POUND (1000 - 5000 POUNDS MIXED LOTS)

Process American 5# Loaf	:	1.7600-1.9700
Brick And/Or Muenster 5#	:	1.9200-2.1425
Cheddar 40# Block	:	1.7600-2.2650
Monterey Jack 10#	:	1.9500-2.2650
Blue 5#	:	2.4400-2.6400
Mozzarella 5 - 6# (Low Moisture, Part Skim)	:	1.7725-2.3650
Grade A Swiss Cuts 6 - 9#	:	2.4300-2.9300

**WEEKLY COLD STORAGE HOLDINGS-SELECTED STORAGE CENTERS  
IN THOUSAND POUNDS - INCLUDING GOVERNMENT STOCKS**

	BUTTER	:	CHEESE
		:	
09/26/05	39,261	:	144,438
09/01/05	43,195	:	144,100
CHANGE	-3,934	:	338
% CHANGE	-9	:	0

## WEST

Block cheese prices at the cash CME market have held at \$1.5950 for nine trading sessions. Offerings of blocks on the Exchange are occurring and purchased to hold the price at this level. During that period, barrel prices have fallen 10 3/4 cents to yield a wider than normal spread of 14 1/2 cents. Barrels now stand at \$1.45. Until recently, blocks had been moving well with barrels slowing in activity. Starting last week, sales of all cheese have slowed. Buyers are now using current stocks and holding off making new purchases. The theory is if they wait long enough prices will be lower and they can replace their cheese stocks with cheaper supplies. A problem could develop as the fall season moves on is that buyers are no where near covered for fall needs and the market cannot fill all the demand in the limited time that will be available. The market is dead now, but at some time in the near future, the market will have to become very active. Cheese plants are watching their inventories and current production schedules very closely. They do not want to be the ones taking a loss on inventories in this whole deal. Production is down seasonally and because of inventory management. Process cheese demand is slower seasonally. Swiss sales are good. Mozzarella interest is improving related to the fall school terms starting up. Inventories are in good shape.

WHOLESALE SELLING PRICES: DELIVERED, DOLLARS PER POUND  
(1000 - 5000 POUNDS MIXED LOTS)

Process 5# Loaf	:	1.6600-1.9175
Cheddar 40# Block	:	1.7150-2.0675
Cheddar 10# Cuts	:	1.8950-2.1150
Monterey Jack 10#	:	1.9050-2.0650
Grade A Swiss Cuts 6 - 9#	:	2.2500-2.7000

## FOREIGN

Prices are unchanged to higher and the market tone is steady. Orders are typical for this time of year, but some price resistance is evident. Stocks are adequate to meet the current, fair demand. Reports indicate that cheese output in the EU is about steady and availability is unchanged. The slightly firmer Dollar may have some impact on orders. We are at the time of year when importers who expect not to use all their licenses, surrender those unused portions/volumes to avoid penalties (reduced licenses next year). Those surrendered volumes will be reallocated (same country and article) usually in mid-October on a first-come, first-served basis.

**CORRECTION:** Last week's printed report carried an incorrect price for domestic Gorgonzola. The price should have been \$2.4800-2.5450. The price was corrected on the Internet posting, but not in the printed report. We are sorry for any inconvenience this may have caused

WHOLESALE SELLING PRICES: FOB DISTRIBUTORS DOCK  
DOLLARS PER POUND (1000 - 5000 POUNDS, MIXED LOTS)

	:	NEW YORK	:	
VARIETY	:	IMPORTED	:	DOMESTIC
Roquefort	:	TFEWR	:	-0-
Blue	:	2.6400-4.6300	:	1.9900-3.4800*
Gorgonzola	:	3.6900-6.0900	:	2.4800-2.5675*
Parmesan (Italy)	:	TFEWR	:	3.4050-3.5100*
Romano (Italy)	:	2.1000-3.1900	:	-0-
Provolone (Italy)	:	3.4400-6.0900	:	1.9925-2.2275*
Romano (Cows Milk)	:	-0-	:	3.1875-5.3300*
Sardo Romano (Argentina)	:	2.8500-3.2900	:	-0-
Reggiano (Argentina)	:	2.6900-3.2900	:	-0-
Jarlsberg-(Brand)	:	3.1200-4.1500	:	-0-
Swiss Cuts Switzerland	:	-0-	:	2.4500-2.6500
Swiss Cuts Finnish	:	2.5900-2.8500	:	-0-
Edam	:		:	
2 Pound	:	TFEWR	:	-0-
4 Pound	:	2.1900-3.5600	:	-0-
Gouda, Large	:	TFEWR	:	-0-
Gouda, Baby (\$/Dozen)	:		:	
10 Ounce	:	27.8000-31.7000	:	-0-

\* = Price change.



## FLUID MILK AND CREAM

## E A S T

Spot shipments of Grade A milk into or out of Florida and other Southeastern states

	THIS WEEK		LAST WEEK		LAST YEAR	
	IN	OUT	IN	OUT	IN	OUT
FLORIDA	135	0	181	0	140	0
SOUTHEAST STATES	91	0	91	0	40	0

The base price for Class I milk for October 2005 is \$14.27, up \$0.57 from September. A Class I differential specific to each pricing point (county) is added to the base price to determine the applicable Class I price. The Class II skim milk price for October is \$8.12, up \$.12 from September. Milk production is mostly steady in the more northern parts of the region; steady to lower in the Southeast. Cooler weather in the Northeast is helping with cow comfort and output is easing higher. However, reports from contacts indicate that butterfat and protein levels are not rebounding as quickly as expected. In Florida, milk output is easing lower, which surprises some contacts. Elsewhere in the Southeast, the milk flow is actually rebounding in some areas. Hurricane Rita did have some impact on milk output, but not to the degree that Katrina did. Additional flooding and power losses were noted and farm pick ups and plant operations were disrupted. One manufacturing plant in Louisiana was without electricity for 36+ hours. Bottled milk sales are lagging this week. Georgia officials, in an effort to conserve fuel (estimated 225,000 gals. Per day for buses), allowed school districts to voluntarily close Monday and Tuesday. All but two school districts did, which had a big impact on bottled milk sales and Grade A milk needs. This did force some milk already en-route to be diverted to other plants. Class I milk sales in the Northeast are about steady. Surplus milk volumes are mixed, often heavier. In the Northeast, some increased cheese output is keeping milk volumes at butter/powder plants relatively stable. The condensed skim market is little changed. Contract sales make up the bulk of the shipments and offerings are more than adequate to meet needs. In some instances, formulas are being adjusted lower to attract some spot interest. The fluid cream market is not as firm as it has been. Supplies are more than adequate to cover Class II & III demand. Some suppliers have unsold loads to move by week's end. Spot prices are generally higher, but most of the multiples are in a relatively narrow range (133-137) within the range (131-144). Also, the CME average butter price did increase more than cent last week. Ice cream production is settling into more seasonal patterns as consumption slows. Cream cheese production is starting to show some improvement as a few producers are making additional spot purchases. Production of dips and sour cream is starting to improve. Churning activity is moderate to slightly heavier at some locations.

## FLUID CREAM AND CONDENSED SKIM PRICES IN TANKLOT QUANTITIES

SPOT PRICES OF CLASS II CREAM, \$ PER LB BUTTERFAT

F.O.B. PRODUCING PLANTS: NORTHEAST	-	2.2608-2.4852
DELIVERED EQUIVALENT ATLANTA	-	2.2953-2.4506 M 2.2953-2.3643
F.O.B. PRODUCING PLANTS: UPPER MIDWEST	-	2.2435-2.3298

PRICES OF CONDENSED SKIM, \$ PER LB SOLIDS

F.O.B. PRODUCING PLANTS:	
NORTHEAST- CLASS II - INCLUDES MONTHLY FORMULA PRICES	- 1.0000-1.0700
NORTHEAST- CLASS III - SPOT PRICES	- 1.0800-1.1400

## M I D W E S T

Class I demand is steady to lighter the last week of the month. Bottlers remain concerned with their allocated supply of resin, which could affect volumes manufactured as paper carton equipment may not be still in inventory as an option for some. Plant problems such as power continue to hamper operations in Katrina or Rita affected areas. Manufacturing milk demand is generally good for the limited supplies. Milk buyers are resisting paying higher manufacturing milk prices, perhaps due to sharply higher energy prices in recent weeks. Reported spot manufacturing milk prices range from about \$1.90 - 2.25 net fob. Cream demand remains soft from many Class II accounts and multiples are steady to often lower. Churning remains active with multiples, as usual, lower than the reported range with most in the 120s. Cream cheese as well as dip and sour cream production are increasing at some operations. Milk volumes are unevenly about steady though components continue to rebound slowly

from summer lows. Recent rains have allowed farmers to resume delayed fall tillage operations in many of the dryer areas. Good progress has occurred on soybean harvest with at least some high moisture corn already out of the field in the northern tier of the region. The threat of a killing frost occurred in northernmost sections of the region around midweek. Temperatures, except in the deep southern part, have moderated to more seasonal levels. Fresh milking cows sold at a Wisconsin dairy cattle auction on September 28 compared to about a month ago were mostly steady to higher with supreme quality cows at \$2100 - 2425 per head and approved quality \$1750 - 2000. Medium quality springing cows sold for \$1450 - 1875 per head and springing heifers were not tested.

## WISCONSIN LIVESTOCK AUCTIONS (PER CWT.)

	SEP 22 - 28	PREVIOUS YEAR
SLAUGHTER COWS	\$ 48.00- 53.00	\$ 53.00- 58.00
REPLACEMENT HEIFER CALVES	\$300.00-735.00	\$300.00-670.00

## SOUTH ST. PAUL TERMINAL AUCTION MARKET (PER CWT.)

	SEP 22 - 28	PREVIOUS YEAR
SLAUGHTER COWS	\$ 44.00- 53.50	\$ 53.00- 58.50

## W E S T

On September 28, the third round bids of the Cooperatives Working Together (CWT) for herd retirements were announced. A total of 66,000 cows will be removed, totaling 1.2 billion pounds of milk and representing 0.7% of U.S. production. Of the total milk reduction, 25% will come from the Southwest and 45% from the West. August 2005 POOL RECEIPTS of milk in CALIFORNIA total 3.00 billion pounds, 1.8% higher than last year. The August blend price, at a fat test of 3.55%, is \$13.44, 31 cents lower than July and 20 cents less than August 2004. The percentage of receipts used in Class 1 products is 15.35%. The August quota price is \$14.65 and the over quota price is \$12.95. These prices are 34 cents lower than July and 9 cents less than a year earlier. CALIFORNIA milk output is trending steady to slightly higher on a week to week basis. Bottlers are seeing demand steady as orders become balanced. Contacts report that organic milk supplies are tight. There are areas in the southern producing areas where milk is fluctuating despite decent weather conditions. The main cause is unknown but speculated to be feed related or due to lack of fresh cows currently. Milk supplies are higher in the Central Valley as ideal conditions are present. Plants are running well and able to process available milk with no problems. In the North, milk is trending higher seasonally. Processing plants are taking projected volumes of milk. ARIZONA milk production is slightly down from last week as weather conditions heated up and topped 100 degrees for several days. The extent of the declines was limited. Protein levels of the milk are increasing. Ahead of and behind Hurricane Rita hitting Texas, milk was diverted to distant processing plants, including Arizona and New Mexico. Western CREAM prices are moving slightly lower. The market tone is under pressure as both multiples and basing points are lower. One of the biggest factors is being able to ship cream to willing buyers. When tankers are available, freight rates and surcharges make moving cream very expensive. Cream cheese and sour cream production are ramping up for fall needs. Ice cream has slowed. Cream is also entering churns steadily to help build stocks for later needs. Butter prices at the CME declined by 6.5 cents to close at \$1.6700 on September 28. Multiples are lower and range from 115 to 128 and vary depending on class usage and basing point. Milk production in the PACIFIC NORTHWEST ranges from steady to slightly lower. Some contacts report that the recent production slump has ended and others state that it is getting worse. Manufacturing plants are processing steady to declining volumes of milk. With some end product markets noted as weaker, plants are happy to have less milk. Tests on the milk receipts are improving. Some recent cuttings of hay in the region are proving to be better quality than some earlier harvested hay. Some prices, on a delivered basis, are also lower. Heifer prices are steady at firm levels. Most averages are at or above \$2000. Fall weather has moved into UTAH and IDAHO. Some light, scattered frost has been noted. Daytime temperatures are also much lower. Cow comfort has improved greatly. Milk production may be somewhat higher, but tests are definitely increasing seasonally. Plants in the region are quite variable if they want some additional milk supplies or if they want to get rid of some milk. Some hay growers are just finishing up the last cutting of alfalfa. Hay stocks don't seem to be as tight as they were.

**NDM, BUTTERMILK & WHOLE MILK**

Prices represent carlot/trucklot quantities for domestic and export sales packaged in 25 kg. or 50 lb. bags, or totes, spray process, dollars per pound.

**NONFAT DRY MILK - CENTRAL AND EAST**

CENTRAL: Prices are unchanged to higher on a steady to firm market. Production is steady to lower as some locations divert milk away from NDM plants and into cheese facilities. Prices are expected to increase due to the limited supply availability, higher fuel costs and reduced availability of trucks and transportation. Some buyers and traders report that fuel surcharges assessed onto contractual loads will not be accepted. Buyers in the spot market feel that they have no choice but to accept the higher price levels. Resale trade is generally noted at a premium. Off grade supplies are limited for the good interest. Mostly Low Heat prices for report 39 in 2004 were .8100 - .8500 and High Heat prices were .9200 - 1.0300.

EAST: Prices are steady to higher as last week's NASS average for NDM increased about six-tenths of a cent. The country's major NDM marketer announced that its energy surcharge for October purchases will increase about 1.2 cents. Some buyers have increased purchases for late September to avoid that additional cost. Contacts state that this extra interest did help clear inventories, but they also fear that October sales may go lacking because of this week's sales. Production levels are often lighter as less surplus milk is coming into some plants. However, a few plants did receive more milk due to diverted milk which was heading to bottling plants in Georgia where schools were closed for two days as a fuel saving measure. The market tone is improved this week. Resistance to higher prices, higher delivery costs, and higher plant operating expenses are often discussed. Old, CCC sell-back powder continues to be offered and purchased. We are in the third consecutive week of CCC trying to sell NDM. Some producers continue to make medium and high heat powder to fill export contracts.

F.O.B. CENTRAL/EAST: Includes EXTRA GRADE and GRADE A  
LOW/MEDIUMHEAT: .9775 - 1.0600 MOSTLY: .9900 - 1.0150  
HIGHHEAT: 1.0350 - 1.1000

**NONFAT DRY MILK - WEST**

The market undertone for the Western low/medium heat price series is trending firmer. Additional buying interest was noted this week with the strategy to be ahead of a substantial increase in energy surcharges for October. The surcharges are increasing because of high prices for natural gas. News reports expect natural gas to remain high throughout the winter months and that sources in the Gulf of Mexico are not yet resuming natural gas production. Increased freight rates, fuel surcharges, and available trucks, remain issues in moving NDM. Current NDM prices are higher as more producers are basing prices on the NASS averages and additional energy surcharges are being added on. The continued good export interest is expected to clear substantial quantities of NDM and SMP in the fourth quarter and into 2006. Some of the flat or fixed export prices for NDM could actually temper basing price changes for price indexes. Current production levels for NDM are active in the region to process milk solids. Increases were noted in the Southwest to process milk backing out of Texas due to the hurricane last weekend. High heat prices are mainly steady to higher. Seasonal demand is not showing up yet. Drying times are limited with product mainly held to projected levels. Spot interest is light to moderate and hard for producers to accommodate with current low stocks. On September 22, the CCC invited competitive offers, subject to the terms and conditions of Announcement DSC1; to buy from CCC approximately 5,178,902 pounds of NDM packed in 25-Kg bags for unrestricted use. The public notification of awards is 4:00pm on September 29.

F.O.B. WEST: Includes EXTRA GRADE and GRADE A  
LOW/MEDIUMHEAT: .9450 - .9900 MOSTLY: .9600 - .9875  
HIGHHEAT: .9700 - 1.0200

**CALIFORNIA MANUFACTURING PLANTS - NDM**

WEEK ENDING	PRICE	TOTAL SALES	SALES TO CCC
September 23	\$.9494	8,633,876	0
September 16	\$.9518	6,712,115	0

Prices are weighted averages for Extra Grade and Grade A Nonfat Dry Milk, f.o.b. California manufacturing plants. Prices for both periods were influenced by effects of long-term contract sales. Total sales (pounds) include sales to CCC. Compiled by Dairy Marketing Branch, California Department of Food and Agriculture.

**DRY BUTTERMILK - CENTRAL**

Prices continue unchanged and nominal on a steady market. Some increased churn activity is noted, resulting in increased condensed buttermilk and some dry buttermilk production. Significant production increases are not anticipated until after the Thanksgiving holiday. Trade interest is very light. Offering prices are noted at 1-2 cents under the average. While some producers are attempting to clear loads, others are content in holding limited supplies for use later in the year. Prices for report 39 in 2004 were .9000 - 1.0100.

F.O.B. CENTRAL: .9500 - 1.0450

**DRY BUTTERMILK - NORTHEAST AND SOUTHEAST**

Prices are unchanged and the Northeastern prices are nominal. The market tone is mostly steady, but some producers report getting more inquiries for dry buttermilk. Liquid buttermilk sales are slowing along seasonal patterns. Churning activity is increasing slowly as more excess cream is available in the region. Eastern producer stocks remain light. Off grade powder continues to be available at discounted prices.

F.O.B. NORTHEAST: .9500 - 1.0050  
DELVD SOUTHEAST: .9800 - 1.0600

**DRY BUTTERMILK - WEST**

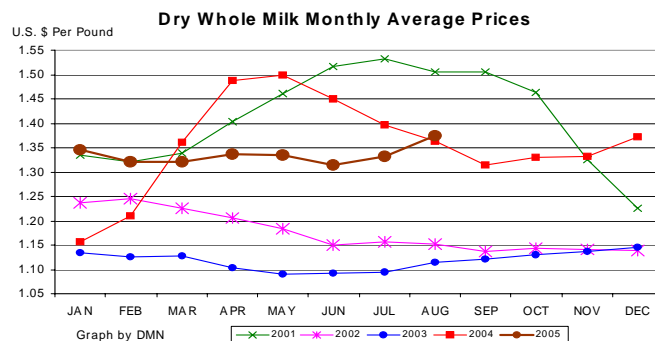
Dry buttermilk prices range from fully steady to lower within the mostly series. The market tone is steady to trending slightly weaker. Demand is slow to develop and stocks are building for several producers. Offering prices are said to be negotiable if multiple loads are sought. Drying schedules are active seasonally and often ahead of projections. There are loads available for current needs.

F.O.B. WEST: .9150 - .9650 MOSTLY: .9200 - .9300

**DRY WHOLE MILK - NATIONAL**

Prices remain unchanged and nominal. Production is light and just geared to meeting deliveries. Plant stocks are well balanced with the fair, generally contractual demand.

F.O.B. PRODUCING PLANT: 1.3125 - 1.4950



**WHEY, CASEIN & EVAPORATED MILK**

Prices represent carlot/trucklot quantities for domestic and export sales packaged in 25 kg. or 50 lb. bags, or totes, spray process, dollars per pound.

**DRY WHEY - CENTRAL**

Prices are unchanged to higher on Extra Grade whey and unchanged on milk replacer quality whey. Supplies are very tight in the Central region. Those few locations that can provide a load of whey are asking for premiums to the market. Fuel surcharges are expected to be assessed on loads shipped during the fourth quarter from most plants. Production is steady to higher with offerings noted on condensed whey supplies. Trade of milk replacer quality whey is light with supplies reportedly limited for the good feed interest. Extra Grade mostly prices for report 39 in 2004 were .2150 - .2250. Milk replacer prices for report 39 in 2004 were .1750 - .1950. August calf slaughter totaled 65,600 head, down 10% from August 2004. August hog kill totaled 8.98 million head, 3% above August 2004.

F.O.B. CENTRAL: .2900 - .3000 MOSTLY: .2900 - .2975  
F.O.B. CENTRAL: ANIMAL FEED MILK REPLACER: .2700 - .2900

**DRY WHEY - NORTHEAST AND SOUTHEAST**

Prices are steady again this week. However, some resellers are increasing premiums due to tighter supplies direct from the producer. The Northeastern prices remain nominal. Production levels are steady to slightly heavier as some cheese makers step up cheese output. Mostly, dry whey production is lagging demand. Most Eastern producers are in a sold out position and are working to catch up with orders. Some have had to notify customers of cuts in contract deliveries. Others do have occasional spot loads, but these are generally offered to contract customers who quickly purchase them. Demand is good, but still not overly aggressive, which may be a good thing as prices seem quite stable. Increased prices would likely beget higher prices and vice versa. Traders have product to offer, but these volumes are dwindling. Most spot sales are in the resale market. Energy and fuel costs are growing in all areas of the country and these increases are being passed along to the chagrin of most buyers/users.

F.O.B. NORTHEAST: EXTRA GRADE AND GRADE A: .2950 - .3150  
DELVD SOUTHEAST: .3150 - .3350

**DRY WHEY - WEST**

Prices held steady this week for Western whey powder. Sales activity to both domestic and export accounts remains strong. Buyers are expressing some concern about proposed energy surcharges, but there are really no alternatives. Some export sales that normally leave the Gulf Coast are being impacted by hurricane related issues. The export tender to the Far East from a few weeks ago will evidently be sourced from the U.S. according to contacts in Europe. Sources in the U.S. are not clear on who is in charge of sourcing the powder. The bottom line is that unless the powder was previously purchased by the shipper it may tighten the market further into the fall. Production of whey ranges from steady to slightly lower depending on milk supplies being run through cheese plants. Two new Western cheese plants are anticipated to start production next month. Contacts are curious to see how this will impact milk procurement patterns.

NONHYGROSCOPIC: .3100 - .3400 MOSTLY: .3150 - .3300

**WHEY PROTEIN CONCENTRATE - CENTRAL AND WEST**

Prices are unchanged to lower on a weak market. Very light trade activity is reported. Buyers are tentative to buy additional loads as prices are expected to decline, especially in light of CCC NDM sell backs and competitive prices reported for WPC 80% compared to WPC 34%. Supplies of WPC 34% are mixed. Whereas some brand specific or Grade A suppliers are short on supplies, others have loads to offer. In general, supplies appear in better balance than the month prior. Production is steady. Mostly prices for report 39 in 2004 were .5975 - .6225.

F.O.B. EXTRA GRADE 34% PROTEIN: .8225 - .8675 MOSTLY: .8475 - .8575

**LACTOSE - CENTRAL AND WEST**

Prices continue unchanged on a firm market. Most contracts are expected to be finalized before the fourth quarter commences. Contracts that are slow to develop are mostly in Asia. Prices are higher with limited supplies available for spot trade. Increased interest in lactose may be in response to the limited supplies of whey and dry permeate in the market. Production is mostly steady. Some buyers are asking plants to negotiate prices for next year. Brokers are not aggressively seeking contractual arrangements for next year as supplies are expected to become more available with increased production of milk and permeate. Off grade supplies are limited for the good interest. Mostly prices for report 39 in 2004 were .1800 - .2100.

Including spot sales and up to 3 month contracts. Mesh size 30 - 100.  
F.O.B. EDIBLE: .1875 - .2400 MOSTLY: .1900 - .2200

**CASEIN - NATIONAL**

Casein markets and prices are steady for the final week of the quarter, although a weak tone prevails for the start of the fourth quarter. Domestic buyers indicate that offerings are sufficient to meet their needs. Some casein buyers have adjusted their product mix and removed casein from their formulation when supplies tightened and became expensive. Now, some suppliers are encouraging these customers to once again re-introduce casein back into the product mix. Some buyers are making the move, while others are still hesitant with prices still higher than desired. Stocks are more available than they have been earlier in the year and suppliers feel that they will remain so for many of the upcoming months. European suppliers are basically working from inventoried stocks while Oceania suppliers are still reporting limited, but growing supplies.

SPOT SALES AND UP TO 3 MONTH CONTRACTS. PRICES ARE F.O.B., U.S. WAREHOUSE FOR EDIBLE NONRESTRICTED AND VARY ACCORDING TO MESH SIZE AND QUALITY.

RENNET: 3.2700 - 3.4500  
ACID: 3.2700 - 3.4000

**EVAPORATED MILK - NATIONAL**

Prices and the market tone are unchanged. Production levels are about steady, depending on local milk supply. Demand for canned evaporated milk is seasonal, but some additional interest from stores/retail warehouses in Rita's path was expected. On September 22, the Kansas City Commodity office announced the Evaporated Milk Products Solicitation EVD2-001, inviting competitive offers to sell to CCC 1,285,200 pounds of evaporated milk for delivery October 2005. Offers were due by 9:00 a.m. CDT, September 28, 2005.

DOLLARS PER 48 - 12 FLUID OUNCE CANS PER CASE DELIVERED MAJOR U.S. CITIES \$19.50 - 30.00  
Excluding promotional and other sales allowances. Included new price announcements.

## CHICAGO MERCANTILE EXCHANGE FUTURES

Selected settling prices, (open interest), and volume 1/

Month	09/14	09/15	09/16	09/19	09/20	09/21	09/22	09/23	09/26	09/27
<b>CME - (CLASS III) MILK FUTURES --</b> Dollars per cwt										
SEP 05	14.26 (3290) 29	14.27 (3328) 75	14.29 (3279) 57	14.30 (3282) 4	14.31 (3283) 3	14.31 (3283) 0	14.34 (3283) 1	14.27 (3243) 1	14.27 (3258) 15	14.27 (3256) 15
OCT 05	14.36 (2597) 181	14.41 (2622) 320	14.44 (2631) 313	14.47 (2590) 130	14.53 (2576) 84	14.42 (2583) 113	14.37 (2607) 88	14.30 (2596) 73	14.40 (2586) 46	14.39 (2586) 27
NOV 05	13.72 (1820) 61	13.76 (1830) 67	13.75 (1829) 23	13.70 (1836) 49	13.77 (1839) 27	13.65 (1875) 76	13.60 (1878) 16	13.57 (1891) 47	13.60 (1927) 64	13.65 (1955) 56
DEC 05	13.41 (1755) 31	13.43 (1752) 30	13.40 (1752) 16	13.38 (1751) 30	13.41 (1754) 4	13.34 (1765) 50	13.29 (1767) 31	13.32 (1770) 16	13.45 (1780) 24	13.39 (1775) 26
JAN 06	12.85 (1164) 9	12.90 (1188) 33	12.89 (1199) 16	12.83 (1199) 6	12.85 (1201) 11	12.80 (1225) 34	12.79 (1223) 8	12.80 (1225) 6	12.87 (1227) 10	12.81 (1228) 8
FEB 06	12.49 (1058) 5	12.55 (1075) 28	12.55 (1083) 18	12.52 (1087) 16	12.52 (1094) 17	12.52 (1120) 21	12.51 (1121) 7	12.50 (1124) 4	12.56 (1125) 15	12.55 (1125) 6
MAR 06	12.55 (1055) 7	12.61 (1073) 23	12.61 (1081) 14	12.58 (1085) 12	12.57 (1089) 12	12.57 (1099) 22	12.55 (1100) 10	12.55 (1103) 3	12.59 (1104) 7	12.59 (1108) 6
APR 06	12.44 (982) 6	12.55 (1008) 34	12.55 (1020) 12	12.50 (1027) 13	12.50 (1028) 9	12.50 (1047) 21	12.47 (1046) 7	12.47 (1049) 3	12.51 (1052) 6	12.51 (1057) 6
MAY 06	12.55 (887) 6	12.70 (898) 29	12.69 (916) 26	12.59 (913) 3	12.59 (917) 7	12.59 (936) 19	12.58 (935) 7	12.58 (938) 3	12.58 (941) 5	12.58 (943) 7
JUN 06	12.84 (879) 5	12.92 (891) 33	12.90 (898) 8	12.82 (898) 6	12.82 (899) 11	12.78 (907) 20	12.75 (909) 13	12.75 (912) 5	12.80 (914) 6	12.80 (916) 2
JUL 06	13.21 (662) 4	13.23 (674) 26	13.23 (684) 10	13.19 (684) 2	13.15 (688) 5	13.15 (698) 12	13.15 (697) 11	13.15 (700) 3	13.16 (706) 7	13.16 (709) 9
AUG 06	13.37 (601) 8	13.38 (612) 21	13.38 (618) 10	13.35 (619) 1	13.40 (620) 5	13.35 (629) 13	13.30 (631) 12	13.30 (634) 3	13.30 (634) 5	13.30 (640) 8
SEP 06	13.70 (662) 27	13.75 (684) 39	13.75 (691) 11	13.75 (692) 1	13.75 (694) 5	13.73 (704) 13	13.68 (707) 13	13.68 (710) 3	13.75 (713) 6	13.73 (736) 25
OCT 06	13.15 (572) 12	13.20 (594) 27	13.22 (606) 12	13.15 (602) 3	13.18 (605) 3	13.18 (616) 12	13.17 (613) 10	13.17 (618) 7	13.17 (620) 8	13.18 (624) 6
NOV 06	12.89 (544) 5	12.95 (562) 20	12.93 (572) 12	12.90 (572) 0	12.92 (576) 4	12.85 (584) 10	12.85 (582) 8	12.85 (585) 3	12.90 (588) 7	12.93 (602) 16
DEC 06	12.80 (577) 8	12.87 (595) 16	12.86 (605) 13	12.86 (605) 0	12.85 (608) 3	12.85 (617) 9	12.81 (616) 7	12.82 (618) 3	12.82 (620) 6	12.82 (623) 5
JAN 07	12.60 (63) 0	12.60 (63) 0	12.60 (63) 0	12.60 (63) 0	12.60 (63) 0	12.50 (64) 1	12.50 (64) 0	12.50 (64) 0	12.48 (65) 1	12.47 (66) 1
FEB 07	12.40 (47) 0	12.40 (47) 0	12.40 (47) 0	12.40 (47) 0	12.40 (47) 0	12.30 (48) 1	12.30 (48) 0	12.30 (48) 0	12.30 (48) 0	12.30 (55) 7
MAR 07	12.45 (43) 0	12.45 (43) 0	12.45 (43) 0	12.45 (43) 0	12.45 (43) 0	12.45 (43) 0	12.45 (43) 0	12.45 (43) 0	12.45 (43) 0	12.35 (44) 1
APR 07	12.70 (8) 0	12.70 (8) 0	12.70 (8) 0	12.70 (8) 0	12.70 (8) 0	12.70 (8) 0	12.70 (8) 0	12.70 (8) 0	12.70 (8) 0	12.50 (10) 2
MAY 07	12.70 (3) 0	12.70 (3) 0	12.70 (3) 0	12.70 (3) 0	12.70 (3) 0	12.70 (3) 0	12.70 (3) 0	12.70 (3) 0	12.70 (3) 0	12.70 (3) 0

**CME - (CLASS IV) MILK FUTURES -** Dollars per cwt.

SEP 05	13.40 (21) 0	13.40 (21) 0	13.40 (21) 0	13.40 (21) 0	13.51 (21) 0	13.51 (21) 0	13.52 (21) 0	13.60 (21) 0	13.60 (21) 0	13.60 (21) 0
OCT 05	13.00 (4) 0	13.00 (4) 0	13.00 (4) 0	13.00 (4) 0	13.00 (4) 0	13.00 (4) 0	13.00 (4) 0	13.00 (4) 0	13.00 (4) 0	13.00 (4) 0
NOV 05	12.90 (5) 0	12.90 (5) 0	12.90 (5) 0	12.90 (5) 0	12.90 (5) 0	12.90 (5) 0	12.90 (5) 0	12.90 (5) 0	12.90 (5) 0	12.90 (5) 0
DEC 05	12.80 (4) 0	12.80 (4) 0	12.80 (4) 0	12.80 (4) 0	12.80 (4) 0	12.80 (4) 0	12.80 (4) 0	12.80 (4) 0	12.80 (4) 0	12.80 (4) 0

**CME - BUTTER FUTURES --** Cents per pound

SEP 05	170.50 (187) 15	171.25 (184) 3	171.25 (180) 8	172.00 (168) 5	172.00 (162) 0	171.00 (162) 4	171.00 (134) 0	171.00 (62) 0	171.00 (54) 0	171.00 (1) 0
OCT 05	170.50 (373) 19	170.00 (357) 18	171.00 (352) 13	172.00 (338) 17	171.00 (328) 13	170.00 (323) 6	168.50 (321) 3	166.00 (320) 8	164.50 (315) 13	164.25 (315) 22
DEC 05	164.00 (168) 1	163.50 (168) 1	164.00 (169) 1	167.00 (165) 11	165.50 (158) 11	164.50 (158) 1	163.00 (158) 3	160.00 (160) 3	158.00 (160) 2	158.50 (159) 3
MAR 06	153.75 (36) 0	153.75 (36) 0	153.75 (36) 0	154.00 (45) 9	154.00 (48) 3	154.00 (48) 0	154.00 (69) 21	154.00 (69) 0	154.00 (69) 0	154.00 (71) 2
MAY 06	153.75 (30) 0	153.75 (30) 0	153.75 (30) 0	154.00 (33) 4	154.00 (38) 5	154.00 (38) 0	154.00 (58) 20	154.00 (58) 0	154.00 (58) 0	154.00 (58) 0
JUL 06	155.00 (8) 0	155.00 (14) 6	155.00 (18) 4	155.00 (31) 14	155.00 (43) 15	155.00 (44) 1	155.00 (54) 10	155.00 (54) 0	154.00 (54) 1	154.00 (54) 0

**CME - CASH BUTTER FUTURES --** Cents per pound

OCT 05	First day of trading September 19			170.00 (4) 0	170.25 (4) 0	170.00 (4) 0	168.00 (6) 0	166.25 (8) 0	165.25 (10) 0	165.13 (12) 0
NOV 05				172.00 (18) 0	171.00 (29) 0	169.00 (36) 0	166.25 (37) 0	163.50 (34) 0	163.50 (34) 0	163.00 (34) 0
DEC 05				168.00 (7) 0	166.00 (8) 0	165.50 (8) 0	162.50 (8) 0	162.00 (8) 0	161.00 (8) 0	160.75 (8) 0
FEB 06				155.00 (6) 0	155.00 (6) 0	155.00 (6) 0	155.00 (6) 0	155.00 (6) 0	155.00 (6) 0	155.00 (6) 0

1/ At the CME open interest for milk -- 200,000 pounds per contract. For more detailed information, you may call our automated voice system at 608-224-5088.



## INTERNATIONAL DAIRY MARKET NEWS

Information gathered September 19 - 30, 2005

Prices are U.S. \$/MT, F.O.B. port. Information gathered for this report is from trades, offers to sell, and secondary data. This bi-weekly report may not always contain the same products and/or regions. Future reports may be included or withdrawn depending on availability of information. MT = metric ton = 2,204.6 pounds.

## WESTERN AND EASTERN EUROPE

**WESTERN OVERVIEW:** Milk production in Europe continues to edge lower seasonally. Milk volumes are declining to the point that, when possible, manufacturers and handlers are now directing milk toward products of most need. It appears that cheese production continues to garner a significant portion of available milk volumes. Although cheese production is seasonally strong, milk proteins, especially whey, are in short supply. Traders and handlers state that supplies are limited for near term shipments (October/November) but anticipate a better supply/demand balance after that time. The Algerian tender has yet not been settled. A third round of bidding is due early in October. European traders state that the results of this tender and future Dairy Management Committee decisions will greatly influence future trading activity out of Europe. The Dairy Management Committee met on September 29. At this session, common refunds for skim milk powder were reduced by 20 Euros to 100. Again, the Commission reduced export refunds under the tendering system by 5 Euros, skim milk powder to 130 and butter to 990. Prices for many products have ceased their recent decline and are showing signs of strength. Stocks of products are mixed. Some traders and handlers indicate that supplies for whole and skim milk powder are not as plentiful as previously indicated, while butter is more available. Recent sales to Russia have cleared good volumes of butter to this region. Traders feel that Russia will probably be in the butter market for the near term. Anhydrous milk fat is in short supply and prices are firm. All in all, international trade remains light and unaggressive, although traders feel that if prices continue to firm, buyers will return to the marketplace.

**BUTTER/BUTTEROIL:** European butter and butteroil markets are steady to firm. Stocks of butter are readily available for immediate and future needs. Anhydrous milk fat is quite limited. Russia has been in the market looking for butter for immediate shipment with traders anticipating that this buyer interest will continue into the winter months. Outside of this buyer interest, international sales are slow and most market activity is centered around an internal market.

82% BUTTERFAT: 1,900 - 2,125  
99% BUTTERFAT: 2,400 - 2,700

**SKIM MILK POWDER (SMP):** European skim milk powder markets are steady to firm. Recent price declines seem to have stopped and, in instances, slight increases are being reported. Traders and handlers feel that with the turn around in the powder market, buyers will probably start to return to the marketplace. The Algerian powder tender is still pending. A third round of bids are due early in October. Traders and handlers are hopeful that a decision will be made this time.

1.25% BUTTERFAT: 2,250 - 2,350

**WHOLE MILK POWDER (WMP):** Whole milk powder markets are steady to firm. Prices are unchanged to slightly higher within the reported range. Powder stocks are available but not at desired levels for potential buyer interested. Traders and handlers feel that as prices strengthen, buyers will probably return to the market. Traders report that stocks in Eastern Europe appear to be more available than from Western sources.

26% BUTTERFAT: 2,200 - 2,350

**SWEET WHEY POWDER:** Whey powder markets are firm as prices increase and supplies tighten. As the milk production season winds down, milk volumes are being directed toward products of most need, thus cheese production is receiving a significant portion of these volumes. Although cheese production remains seasonally strong, whey stocks are limited. Traders and handlers state supplies are limited for near term needs (October/November) but anticipate a better supply/demand balance by December or early 2006. Overall, European milk proteins are in short supply for international and domestic markets.

NONHYGROSCOPIC: 650 - 840

**EASTERN OVERVIEW:** Milk production in Eastern Europe continues to decline. Weather patterns are starting to follow early fall trends, thus milk volumes will continue to trail off and will drop more rapidly if temperatures drop sharply and pasture growth deteriorates. Trading activity continues out of this region on a limited basis, but more active than in Western Europe. Traders and handlers are awaiting the result of the pending Algerian tender with optimism. Many still feel that Eastern European sources should be in a position to fill a significant portion of their needs.

## OCEANIA

**OVERVIEW:** The 2005 - 2006 milk production season is off to a positive start in both New Zealand and Australia. In New Zealand, weather conditions have been quite favorable and pasture growth is progressing well. In Australia, milk output continues to build. Milk production during August was up 0.8% over last August and is 0.7% ahead of last year on a cumulative (2 months) basis. Up to this point, moisture has been sufficient to generate early grass growth. Producers remain optimistic about the upcoming season, although some Australian contacts are stating that dryer conditions are being forecast through the end of the calendar year which could greatly influence milk production volumes for the year. Manufacturing facilities continue to process the increasing volumes of milk in both countries. Plants are not at capacity yet, with peak production still 6 - 8 weeks away. Producers and handlers continue to state that a large portion of current and future production has been committed to regular and ongoing customer needs. Traders and handlers indicate that some new buyer interest is occurring, but minimal in comparison to overall sales activity. Much of this new interest is going unfilled at this time. Traders are stating that regular and ongoing customer needs appear to be in line with previous years with minimal increases being reported. Prices are generally steady although a slight weakening trend is occurring at the upper end of some manufactured dairy products' price series.

**BUTTER:** Oceania butter markets are generally steady at unchanged prices, although an unsettled weakness is developing at the top end of the reported price range. Stocks of butter are available for regular and ongoing customer needs. Producers and handlers indicate that churning activity continues to increase as milk production expands. At this time, it appears that all butter supplies are committed with no additional volumes available for spot buyer interest.

82% BUTTERFAT: 1,950 - 2,400

**CHEDDAR CHEESE:** Oceania cheese markets remains steady at unchanged prices. Traders and handlers state that sales activity with regular and ongoing customers remains strong. Stocks of cheese are sufficient for immediate shipment with future production projected to be adequate for needs at that time. At this point, milk production projections are strong for steady cheese output.

39% MAXIMUM MOISTURE: 2,750 - 3,000

**SKIM MILK POWDER (SMP):** Skim milk powder markets are steady at basically unchanged prices. A weakening trend is developing at the upper end of the reported price range. Milk production continues to increase in both Australia and New Zealand, thus is powder output. At this point, dryers are geared up to process milk into butter/powder, however some producers and manufacturers may consider adjusting their processing schedules as the season unfolds. Most all powder is fully committed to regular and ongoing customer needs with minimal, if any, available for spot or additional buyer interest.

1.25% BUTTERFAT: 2,200 - 2,350

**WHOLE MILK POWDER (WMP):** Oceania whole milk powder markets are generally steady with prices unchanged to slightly lower on the top of the reported range. Stocks of powder are sufficient to maintain regular shipping schedules. Carryover stocks from last season have been sufficient to bridge the gap between production seasons. Current powder output continues to increase as milk production increases. Traders and handlers report that stocks are adequate for ongoing customer needs with minimal volumes, if any, available for new buyer interest. Traders state that new buyer interest is limited.

26% BUTTERFAT: 2,250 - 2,350

Exchange rates for selected foreign currencies: September 26, 2005

.8530 Canadian Dollar	.0228 Indian Rupee
.3438 Argentina Peso	.6865 New Zealand Dollar
.0920 Mexican Peso	.7570 Australian Dollar
.3076 Polish Zloty	.0089 Japanese Yen
	1.2072 Euro

To compare the value of 1 US Dollar to Mexican Pesos: (1/.0920)= 10.8696 That is 1 US Dollar equals 10.8696 Mexican Pesos. Source: "Wall Street Journal"



## FEDERAL MILK ORDER ADVANCE PRICES, OCTOBER

**Class I Base Price** - Under the Federal milk order pricing system, the Class I base price for October 2005 is \$14.27 per cwt. This price is derived from the advanced Class III skim milk pricing factor of \$7.96 and the advanced butterfat pricing factor is \$1.8818. A Class I differential for each order's principal pricing point (county) is added to the base price to determine the Class I price. **Class II Price Information** - The advanced Class IV skim milk pricing factor is \$7.42. Thus, the Class II skim milk price for October is \$8.12 per cwt., and the Class II nonfat solids price is \$0.9022. **Product Price Averages** - The two-week product price averages for October are: butter \$1.6832, nonfat dry milk \$0.9726, cheese \$1.4965, and dry whey \$0.2904.

FEDERAL MILK ORDER CLASS I PRICE INFORMATION <u>1/</u> <u>2/</u>				
Federal Milk Order Marketing Area <u>3/</u>	Order Number	October 2005		
		Class I Price (3.5 %)	Class I Skim Milk Price	Class I Butterfat Price
		<u>\$ per cwt.</u>	<u>\$ per cwt.</u>	<u>\$ per pound</u>
Northeast (Boston) <u>4/</u>	001	17.52	11.21	1.9143
Appalachian (Charlotte) <u>5/</u>	005	17.37	11.06	1.9128
Southeast (Atlanta) <u>6/</u>	007	17.37	11.06	1.9128
Florida (Tampa) <u>7/</u>	006	18.27	11.96	1.9218
Mideast (Cleveland) <u>8/</u>	033	16.27	9.96	1.9018
Upper Midwest (Chicago) <u>9/</u>	030	16.07	9.76	1.8998
Central (Kansas City) <u>10/</u>	032	16.27	9.96	1.9018
Southwest (Dallas) <u>11/</u>	126	17.27	10.96	1.9118
Arizona-Las Vegas (Phoenix) <u>12/</u>	131	16.62	10.31	1.9053
Pacific Northwest (Seattle) <u>13/</u>	124	16.17	9.86	1.9008
All-Market Average		16.92	10.61	1.9083

1/ To convert the Class I price per 100 pounds to the Class I price per gallon, divide by 11.63--the approximate number of gallons in 100 pounds of milk. 2/ Note: The mandatory \$0.20 per cwt. processor assessment under the Fluid Milk Promotion Order is not included in the Class I prices shown on this table. 3/ Names in parentheses are the major city in the principal pricing point of the markets. 4/ Class I prices at other cities are: New York City, minus \$0.10; Philadelphia, minus \$0.20; Baltimore, minus \$0.25, and Washington, DC, minus \$0.25. 5/ Class I prices at other cities are: Knoxville, minus \$0.30 and Louisville, minus \$0.90. 6/ Class I prices at other cities are: New Orleans; plus \$0.50; Memphis, minus \$0.30; Nashville, minus \$0.50; and Springfield, Mo., minus \$0.90. 7/ Class I prices at other cities are: Orlando, same; Miami, plus \$0.30; and Jacksonville, minus \$0.30. 8/ Class I prices at other cities are: Indianapolis, same; Cincinnati, plus \$0.20; Pittsburgh, plus \$0.10; and Detroit, minus \$0.20. 9/ Class I prices at other cities are: Milwaukee, minus \$0.05; and Minneapolis, minus \$0.10. 10/ Class I prices at other cities are: Des Moines, minus \$0.20; Omaha, minus \$0.15; Oklahoma City, plus \$0.60; St. Louis, same; and Denver plus \$0.55. 11/ Class I prices at other cities are: Houston, plus \$0.60; San Antonio, plus \$0.45; Albuquerque, minus \$0.65; and El Paso, minus \$0.75. 12/ Class I price at Las Vegas is minus \$0.35. 13/ Class I prices at other cities are: Portland, same; and Spokane, same.

**ANNOUNCED COOPERATIVE CLASS I PRICES FOR SELECTED CITIES IN FEDERAL MILK  
ORDERS, OCTOBER 2005, WITH COMPARISONS 1/**

For October 2005, the all-city average announced cooperative Class I price was \$18.43 per cwt., \$1.64 higher than the Federal milk order Class I price average for these cities. The October cooperative Class I price was \$.54 higher than the September price, while the Federal order price was \$.57 higher. On an individual city basis, the difference between the Federal order and announced cooperative Class I price ranged from \$.15 in Phoenix, AZ, to \$3.00 in Miami, FL. For October 2004, the all-city average announced cooperative Class I price was \$18.73, \$1.42 higher than the Federal order Class I price average for these cities.

City	October 2005		
	Announced Cooperative Class I Price	Federal Milk Order Class I Price	Difference
	Dollars per hundredweight, 3.5% butterfat		
Atlanta, GA	19.30	17.37	1.93
Baltimore, MD	19.07	17.27	1.80
Boston, MA	19.02	17.52	1.50
Charlotte, NC	19.30	17.37	1.93
Chicago, IL	18.80	16.07	2.73
Cincinnati, OH	18.35	16.47	1.88
Cleveland, OH	18.15	16.27	1.88
Dallas, TX	18.20	17.27	0.93
Denver, CO	17.67	16.82	0.85
Des Moines, IA	17.85	16.07	1.78
Detroit, MI	17.96	16.07	1.89
Hartford, CT	18.92	17.42	1.50
Houston, TX	18.80	17.87	0.93
Indianapolis, IN	18.15	16.27	1.88
Kansas City, MO	17.54	16.27	1.27
Louisville, KY	18.40	16.47	1.93
Memphis, TN	18.80	17.07	1.73
Miami, FL	21.57	18.57	3.00
Milwaukee, WI	18.75	16.02	2.73
Minneapolis, MN	18.00	15.97	2.03
New Orleans, LA	19.60	17.87	1.73
Oklahoma City, OK	17.85	16.87	0.98
Omaha, NE	17.60	16.12	1.48
Philadelphia, PA	19.42	17.32	2.10
Phoenix, AZ	16.77	16.62	0.15
Pittsburgh, PA	18.42	16.37	2.05
St. Louis, MO	17.82	16.27	1.55
Seattle, WA	16.59	16.17	0.42
Springfield, MO	17.25	16.47	0.78
Washington, DC	19.07	17.27	1.80
Simple Average	18.43	16.80	1.64

1/ This table contains information obtained from the Class I price announcements sent by the major cooperative in each city market to all handlers who buy milk from them. These over-order prices include charges for various services performed by the cooperative. In some instances, these over-order prices may not include all credits that may be allowed. These prices have not been verified as having been actually paid by handlers.

CONSUMER PRICE INDEX (CPI-U) AND AVERAGE RETAIL PRICES FOR SELECTED PRODUCTS, U.S. CITY AVERAGE <sup>1/</sup>

Month and Year	All Food		Dairy Products		Fresh Whole Milk		Cheese		Butter		Meat, Poultry, Fish and Eggs	
	CPI <sup>2/</sup>	Pct. Chg. <sup>3/</sup>	CPI <sup>2/</sup>	Pct. Chg. <sup>3/</sup>	CPI <sup>2/</sup>	Pct. Chg. <sup>3/</sup>	CPI <sup>2/</sup>	Pct. Chg. <sup>3/</sup>	CPI <sup>2/</sup>	Pct. Chg. <sup>3/</sup>	CPI <sup>2/</sup>	Pct. Chg. <sup>3/</sup>
JUNE 2005	190.4	2.2	181.0	-4.1	182.7	-10.5	182.6	-1.7	178.9	-14.2	185.2	1.6
JULY 2005	190.8	2.1	181.6	-3.2	182.5	-8.6	183.3	-1.8	184.7	-9.8	184.7	0.5
AUGUST 2005	190.9	2.2	182.9	-1.1	183.9	-4.0	183.6	-1.9	181.9	-8.7	184.4	0.4
U.S. City Average Retail Prices												
Month	Whole Milk <sup>4/</sup>		Butter <sup>5/</sup>		Process Cheese <sup>6/</sup>		Natural Cheese <sup>7/</sup>		Ice Cream <sup>8/</sup>			
	2005	2004	2005	2004	2005	2004	2005	2004	2005	2004	2005	2004
	Dollars											
JUNE	3.122	3.574	3.107	3.937	3.829	4.090	4.440	4.550	3.619	3.877		
JULY	3.090	3.479	3.140	3.753	3.895	4.077	4.377	4.559	3.773	4.026		
AUGUST	3.136	3.297	3.206	3.613	3.926	4.113	4.384	4.495	3.796	4.051		

<sup>1/</sup> "CPI Detailed Report," "Consumer Prices: Energy and Food," BLS, U.S. Department of Labor. According to BLS, average prices are best used to measure the price level in a particular month. To measure price change over time, the CPI is more appropriate. <sup>2/</sup> The standard reference base period for these indexes is 1982-1984 = 100. <sup>3/</sup> Percent change over previous year. <sup>4/</sup> Per gallon. <sup>5/</sup> Per pound. Grade AA, salted, stick butter. <sup>6/</sup> Per pound, any size and type of package. <sup>7/</sup> Per pound, cheddar cheese in any size and type of package and variety (sharp, mild, smoked, etc.). <sup>8/</sup> Per 1/2 gallon, prepackaged regular.

COMMERCIAL DISAPPEARANCE: TOTAL MILK AND SELECTED DAIRY PRODUCTS—MAY-JULY AND ANNUAL 2004-2005 <sup>1/</sup>

Item	May-Jul. 2004	Percent change <sup>2/</sup>	May-Jul. 2005	Percent change <sup>2/</sup>	Jan.-Jul. 2004	Percent change <sup>2/</sup>	Jan.-Jul. 2005	Percent change <sup>2/</sup>
	Million Pounds							
<b>MILK</b>								
Production	43,709	0.2	45,933	5.1	100,993	-0.8	104,151	3.6
Marketings	43,428	0.2	45,655	5.1	100,341	-0.8	103,510	3.6
Beginning Commercial Stocks <sup>3/</sup>	10,094	-19.5	10,468	3.7	8,333	-15.8	7,154	-14.1
Imports <sup>3/</sup>	1,539	26.4	1,063	-30.9	3,334	15.8	2,780	-16.6
Total Supply <sup>4/</sup>	55,061	-3.6	57,186	3.9	112,008	-1.7	113,444	1.7
Ending Commercial Stocks <sup>3/</sup>	11,951	-8.9	11,269	-5.7	11,951	-8.9	11,269	-5.7
Net Removals <sup>3/</sup>	23	-94.7	-4	-117.4	-75	-107.3	-35	-53.3
Commercial Disappearance <sup>4/</sup>	43,087	-1.1	45,921	6.6	100,132	0.3	102,210	2.6
<b>SELECTED PRODUCTS <sup>5/</sup></b>								
Butter	285.1	8.8	315.3	10.6	685.2	0.5	688.6	1.0
American Cheese	870.5	-3.6	930.3	6.9	2,124.7	1.5	2,158.6	2.1
Other Cheese	1,323.0	-0.6	1,402.3	6.0	3,154.0	4.0	3,267.0	4.1
Nonfat Dry Milk	344.4	23.6	375.1	8.9	792.9	57.8	818.2	3.6
Fluid Milk Products <sup>6/</sup>	12,946.0	-2.4	12,988.4	0.3	31,455.8	-1.5	31,202.0	-0.3

<sup>1/</sup> Commercial disappearance includes civilian and military purchases of milk and dairy products for domestic and foreign use, but excludes farm household use and USDA donations of dairy products. Disappearance is a residual figure and therefore can be affected by any inaccuracies in estimating milk production, on-farm use, stocks, and imports. <sup>2/</sup> From year earlier on a daily average basis. <sup>3/</sup> Milk-equivalent, milkfat basis. <sup>4/</sup> Totals may not add because of rounding. <sup>5/</sup> Commercial disappearance in product pounds. <sup>6/</sup> Sales. Estimate based on actual sales in Federal milk order marketing areas and California. These sales figures have not been adjusted for calendar composition. **SOURCE:** Economic Research Service, USDA. Fluid milk products - Agricultural Marketing Service, USDA.

CCC PURCHASES OF DAIRY PRODUCTS (POUNDS)

	FOR THE WEEK OF SEPTEMBER 26 - 30, 2005			CUMULATIVE TOTALS		UNCOMMITTED INVENTORIES	
	TOTAL PURCHASES	CONTRACT ADJUSTMENTS	ADJUSTED PURCHASES	SINCE 10/01/04	SAME PERIOD LAST YEAR	WEEK ENDING 09/23/05	SAME PERIOD LAST YEAR
BUTTER							
Bulk	-0-	-0-	-0-	-0-	-42,309	-0-	-0-
Packaged	-0-	-0-	-0-	-0-	-0-	-0-	-0-
TOTAL	-0-	-0-	-0-	-0-	-42,309	-0-	-0-
CHEESE							
Block	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Barrel	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Process	-0-	-0-	-0-	-0-	-0-	-0-	-0-
TOTAL	-0-	-0-	-0-	-0-	-0-	-0-	-0-
NONFAT DRY MILK							
Nonfortified	-0-	-0-	-0-	31,817,269	361,978,596	-0-	560,483,000
Fortified	-0-	-0-	-0-	-0-	-119,048	-0-	46,391,000
TOTAL	-0-	-0-	-0-	31,817,269	361,859,548	-0-	606,874,000

MILK EQUIVALENT, FAT SOLIDS BASIS, OF ADJUSTED PURCHASES (MILLION POUNDS)

	MILKFAT* BASIS	SKIM** SOLIDS		MILKFAT* BASIS	SKIM** SOLIDS
WEEK OF SEPTEMBER 26 - 30, 2005 =	0.0	0.0	COMPARABLE PERIOD IN 2004 =	1.1	55.6
CUMULATIVE SINCE OCTOBER 1, 2004 =	7.0	370.4	CUMULATIVE SAME PERIOD LAST YEAR =	78.7	4,212.0
CUMULATIVE JAN. 1 - SEP. 30, 2005 =	0.0	0.0	COMPARABLE CALENDAR YEAR 2004 =	53.2	2,862.8

\* Factors used for Fat Solids Basis - Butter times 21.80; Cheese times 9.23; and Nonfat Dry Milk times 0.22

\*\*Factors used for Skim Solids Basis - Butter times 0.12; Cheese times 9.90; and Nonfat Dry Milk times 11.64

CCC ADJUSTED PURCHASES SINCE 10/1/04 AND SAME PERIOD LAST YEAR (POUNDS) AND MILK EQUIVALENT AS A PERCENT OF TOTAL

REGION	BUTTER		CHEESE		NONFAT DRY MILK		MILK EQUIVALENT (%)	
	2004/05	2003/04	2004/05	2003/04	2004/05	2003/04	2004/05	2003/04
CENTRAL	-0-	-0-	-0-	-0-	1,331,567	8,969,968	4.2	2.5
WEST	-0-	-42,309	-0-	-0-	29,415,099	348,506,599	92.4	96.3
EAST	-0-	-0-	-0-	-0-	1,070,603	4,382,981	3.4	1.2
TOTAL	-0-	-42,309	-0-	-0-	31,817,269	361,859,548	100.0	100.0

SUPPORT PURCHASE PRICES FOR DAIRY PRODUCTS PRODUCED ON OR AFTER NOVEMBER 15, 2002

MANUFACTURING MILK Average Test 3.67% - \$9.90 per cwt.

BUTTER Bulk \$1.0500 per pound; 1# Prints \$1.0850

CHEESE 40 & 60# Blocks \$1.1314 per pound; 500# Barrels \$1.1014; Process American 5# \$1.1889; Process Am. 2# \$1.2289

NONFAT DRY MILK Nonfortified \$.8000 per pound; Fortified \$.8100; Instant \$0.9625

U.S. Dairy & Total Cow Slaughter under Federal Inspection, by Regions, for Week Ending 09/10/05 & Comparable Week 2004

Regions* (000 HEAD)	U.S. TOTAL										% DAIRY OF ALL	
	1	2	3	4	5	6	7	8	9	10	WEEK	SINCE JAN 1
2005-Dairy	N.A.	0.7	5.4	2.2	12.1	3.1	0.5	N.A.	13.6	1.5	40.0	1,555.7
2004-Dairy	N.A.	0.5	6.1	1.9	14.8	2.7	0.6	N.A.	11.4	1.4	40.3	1,650.1
2005-All cows	N.A.	0.7	6.7	9.2	22.5	12.5	7.5	N.A.	15.4	2.0	78.8	3,280.8
2004-All cows	N.A.	0.6	7.3	10.1	22.7	12.0	9.8	N.A.	13.2	4.4	82.3	3,525.8

**SOURCE:** The slaughter data are gathered and tabulated in a cooperative effort by the Agricultural Marketing Service, The Food Safety and Inspection Service, and the National Agricultural Statistics Service, all of USDA. 1/ States included in regions are as follows: Region 1--ME, NH, VT, CT, MA, and RI; Region 2--NY and NJ; Region 3--DE, PA, WV, VA, and MD; Region 4--KY, TN, NC, SC, GA, AL, MS, and FL; Region 5--MI, OH, IN, IL, WI, and MN; Region 6--TX, OK, NM, AR, and LA; Region 7--IA, NB, KS, and MO; Region 8--MT, WY, CO, UT, ND, and SD; Region 9--CA, NV, AZ, and HA; Region 10--ID, OR, and WA. 2/ Totals may not add due to rounding.

CLASS III MILK PRICES, (3.5% BF)

YEAR	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC
2002	11.87	11.63	10.65	10.85	10.82	10.09	9.33	9.54	9.92	10.72	9.84	9.74
2003	9.78	9.66	9.11	9.41	9.71	9.75	11.78	13.80	14.30	14.39	13.47	11.87
2004	11.61	11.89	14.49	19.66	20.58	17.68	14.85	14.04	14.72	14.16	14.89	16.14

FEDERAL MILK ORDER CLASS PRICES FOR 2005 (3.5% BF)

CLASS	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC
I 1/	16.65	13.79	15.43	14.13	14.80	13.62	13.89	14.44	13.70	14.27		
II	13.04	13.36	13.25	13.24	12.78	13.06	13.79	13.95	14.35			
III	14.14	14.70	14.08	14.61	13.77	13.92	14.35	13.60	14.30			
IV	12.52	12.74	12.66	12.61	12.20	12.33	13.17	13.44	13.75			

1/ Specific order differentials to be added to this base price are located at [www.ams.usda.gov/dyfm05/mib/cls\\_prod\\_cmp\\_pr.htm](http://www.ams.usda.gov/dyfm05/mib/cls_prod_cmp_pr.htm)